

The Fiscal Responsibility Act to End Biden's Student Loan Bailout

BACKGROUND:

- Since March 2020, **99%** of federal student loan borrowers, regardless of income or ability to work, have not been required to make a student loan payment—not a single penny in three years. This was originally intended to be a safety net at the height of the pandemic.
- Three years later, it has turned into a nearly **\$200 billion** spending spree predominately benefiting lawyers, doctors, and bankers who racked up their debt in graduate school.
- Despite every data point suggesting the repayment pause is unneeded—the low unemployment rate of college graduates, the dramatically different impact of the pandemic for the skilled workforce, among others—the administration has extended the pause half a dozen times.
 - As of 2021, only **2%** of private student loans were in default, showcasing the ability of the college-educated to make payments on their loans

HOW DID BIDEN DO THIS?

The Biden administration is using COVID-19 as an excuse to craft policy through executive decree. Unemployment continues to go down, help wanted signs continue to go up, and yet his administration has kept the pandemic going to enact harmful policies such as extending the regressive, costly, and unwarranted student loan repayment pause.

PROBLEMS WITH THE DEMOCRATS' REPAYMENT PAUSE:

- **Steals from the poor to pay the rich.**
 - Forcing millions of taxpayers (who never went to college) to pay for the tuition bills of Ivy League lawyers and surgeons is unfair.
 - Every continuation of the repayment pause increases this cost to taxpayers. Thus far, the extensions have cost taxpayers nearly **\$200 billion - \$5 billion EVERY month**. And the majority of the benefit has gone to graduate students.
 - Medical school graduates have received approximately **\$89,500** in de facto loan forgiveness compared to just **\$8,500** for the typical bachelor's degree recipient and **\$3,500** for those who did not complete.
 - While programs such as the Women, Infant and Children program provide an average of **\$35** per month to help pregnant women, new parents, and young children eat well and stay healthy, the repayment pause provides college graduates an average **\$225** in monthly benefits and **\$1,784** if they earned a professional degree.
 - In other words, this administration provides medical doctors, dentists, and lawyers with a monthly benefit **51** times greater than what they offer to single mothers who were struggling to find baby formula on the shelves.

The Fiscal Responsibility Act to End Biden's Student Loan Bailout

MORE PROBLEMS WITH THE DEMOCRATS' REPAYMENT PAUSE:

- **Fuels Biden's inflation.**
 - Extending the repayment pause fuels the dumpster fire that is Biden's inflation crisis.
 - The most recent extension of the repayment pause boosted inflation by as much as 20 basis points, hurting Americans already struggling to put food on the table and gas in their cars.
 - Even Larry Summers, former Clinton Treasury Secretary and Obama economic advisor, has sounded the alarm, noting that the continued extensions are "highly regressive," "highly problematic," and "untargeted and inappropriate at a time when the economy is overheated."
- **Ignores exploding college costs.**
 - The repayment pause does nothing to address the root causes of soaring college costs or the lack of accountability for colleges' abysmal completion rates.
 - Since 2000, tuition and fees have increased **178%**, or nearly three times faster than inflation.
 - Four in ten students who attend college never graduate.
 - Continuing the pause on student loans will increase borrowing because the administration is sending the signal that loans will never have to be paid back. In turn, institutions can continue raising prices and demanding students borrow more and more.
 - Graduate students and parents have zero limits on what they can borrow, regardless of their ability to pay for the program they choose.
 - As a result of generous financial aid, studies have found that institutions increased tuition at rates of up to **60 cents** for every dollar in taxpayer subsidized loans.

BOTTOM LINE:

- The Fiscal Responsibility Act puts an end to the COVID-19 repayment pause and requires borrowers to pay off their student loan debts. This will save taxpayers nearly **\$5 billion** EVERY month.
- This will force the Department of Education to take seriously the monumental task of returning nearly **40 million** borrowers back into repayment status and work with servicers and other stakeholders to ensure this transition goes smoothly